

ALTERNATIVE & PROPOSED METHODS OF FINANCING

Alternatives

The adopted Progress Guide and General Plan, Guidelines for Future Development designates the Carmel Mountain Ranch area as a "Planned Urbanizing Area" and suggest that the community facilities be financed by special assessment district, Facilities Benefit Assessments, or developer contribution and the City's General Fund. It also states that the prime responsibility for the provision of community facilities should be the developer's. In considering a financing plan for construction needed community facilities (excluding schools), the following methods were examined:

1. **Assessment Districts.** Special assessment financing using available assessment acts is an established procedure used by many public agencies for financing construction of public agencies for financing construction of public improvements. The limitations of this method are:

- a. Assessment districts need to be carefully limited to include only property which will be benefitted by the proposed improvements;
- b. Improvements installed most frequently under this method have been restricted to streets, sewers, water lines, storm drains, lighting facilities and sidewalks with the possibility of some maintenance districts included;
- c. Under assessment act proceedings, bonds are issued to represent unpaid assessments. In the bond market, assessment bonds compared to revenue and general obligation bonds are limited to the value that can be levied on the land.

2. **Mello-Roos Community Facilities Act.** The Mello-Roos

Community Facilities Act of 1982 authorizes local agencies, including

cities, to form community facilities districts that can construct or acquire public facilities. Upon two-thirds voter approval, bonds can be issued to finance the construction and/or acquisition. The bonds are retired through the levy of a special tax on the basis of benefits received from the facility.

3. Facilities Benefit Assessment. "Facilities Benefit

Assessment(s)" are the amounts collected under the terms of San Diego City Ordinance No. 0-15318 to provide funds for public facilities projects which will benefit designated areas of benefit. They are based on an acreage development charge generally collected at the time of issuance of building permits. The funds which are needed for the construction of facilities are derived only relative to land development. Thus, the funds for the needed facilities are timely and, to the extent that sufficient funding has been collected, they are adequate. Limitations as to types of facilities are less restrictive than in the assessment district method. This method of financing community facilities is most applicable where there is multiple ownership of a developing community; it serves to assure equity among the various land owners in the financing of the community facilities.

4. Subdivision Process. Under the provisions of the Subdivisions Map Act, local agencies regulate subdivisions for which a tentative and final or parcel map are required. The attachment of

requirements to subdivision maps to construct improvements is the historical method of providing facilities for a development. This method of financing community facilities is also the simplest where there is a single or limited large ownership involved.

5. Developer Construction of Community Facilities. Where a facility is deemed necessary to follow a specific development pattern, the City may require the developer to construct the facility as a subdivision off-site improvement. As with subdivision development, this method can be rather restrictive since the developer has to provide all the funding up front. If there are additional owners involved, the developer could only be reimbursed when the surrounding land is developed and sold.

6. Contribution or Advance by City or Other Agencies. When public facilities projects are able to qualify for funding assistance from other agencies, applications may be submitted to those agencies. The funding sources will be indicated in the Capital Improvement Program.

7. Park Fees. The City has traditionally required the payment of standard park fees at the time of final map approval and issuance of residential building permits in order to assure funding would be available for park facilities when needed. This method is being used throughout the City except where specific exemptions have been granted or separate fees have been established in lieu of the standard fees.

8. **Development Agreement.** Under legislation enacted in 1981, a developer may enter into an agreement with City that can specify the public facilities and/or fees that the developers would be responsible for during the development of a new community. In exchange, the developer would receive the assurances of development rights presently in existence without regard to future changes in the City's land use regulation.

9. **Developer/City Reimbursement Agreements.** In some instances facilities to be constructed in one community may in fact be intended to benefit adjacent communities. Examples are fire stations, libraries community parks and major infrastructure (i.e. sewer outfalls, water lines, road interchanges). In these cases a method of reimbursing the developer who finances the initial development is covered by an agreement between the developer and the City or the adjacent property owners/developers.

Proposed Methods of Financing

After carefully considering each of the alternative methods available for the financing of the community facilities, the developers of Carmel Mountain Ranch have determined to proceed with a combination of the subdivision process and developer construction of community facilities

combined with reimbursement agreements. The specifics of these methods are embodied in a development agreement between the master developer and the City. These alternatives were chosen because of the limited ownership involved in Carmel Mountain Ranch and the simplicity of their application. The selection of these alternatives at this time does not preclude the possible later use of assessment or community facilities districts or other methods of financing which may become available in the future to finance some of the community facilities projects in the latter portions of the development. In order to implement this Financing Plan, the City will condition the construction of the remaining community facilities on the issuance of building permits. The thresholds listed on Table 5 have been developed based upon the Community Plan and the developers' estimate of the rate and patterns of development. These thresholds have been broken down into nonresidential acres and residential dwelling units to more accurately reflect the relationship between the projects required and the needs generated by the different type of development. Non-residential acreage is defined to mean commercial and industrial acreage not including the golf course or any acreage for public uses such as fire stations, libraries, roads, schools, parks or publicly dedicated open space. The project thresholds shown on Table 5 are recommended for application by the Engineering and Development Department.

It is proposed that the Planning Department via its Long Range and Facilities Planning Division keep a running total of the number of nonresidential acres and residential dwelling units for which building permits have been approved. At the point when building permits are applied for which causes the total number of acres or dwelling units to exceed a particular thresholds, conditions would be placed on those permit applications for the commencement of construction of the projects noted for that particular thresholds (see Table 5, Project Thresholds). Some of the community facilities projects may have been undertaken in advance because of the interrelationship between some of the projects and both residential and nonresidential development.

Project Thresholds		
Thresholds	Non-Residential Acres, ¹	Projects Required
NR-1 through NR-4		These projects have already been constructed: 1-8, 11, 12, 20, 24, 28, 29, 32, 36
NR-5	280	37, 38
NR-6	295	21, 33

Thresholds	Residential Dwelling Units	Projects Required
R-1 through R-6		These projects have already been constructed: 1, 5-7, 9, 11, 12, 14, 15, 16, 19, 20, 24, 25, 28, 31, 32, 36
R-7	4,800	30, 35

Table 5

Notes:

¹ Non-residential acreage means commercial and industrial acreage not including the golfcourse or any acreage for public uses such as the fire station, library, roads, Post Office, schools, parks or publicly dedicated open space.

² Projects not listed will be required dependent on the specific tentative map (i.e. roads to serve specific subdivisions).

³ The necessity of all road system projects is predicated on present and projected ADT estimates. Should major changes occur that have significant reducing effects on the ADT, reassessment of the year of need will be necessary. Such analysis will be carried out as part of the environmental review of individual development plans.

⁴ It is recognized that the need for community facilities is not static, but will be subject to changes in the rate of actual development. It is, therefore, proposed that City Staff and the developers of Carmel Mountain Ranch annually review the amount of development that has taken place and the future projections to determine the status of the community facilities phasing and needs shown in this Plan.